

THE LEONARD LETTER

March 14, 2005

QUOTE OF THE WEEK

"The evil that men do lives after them."

--- William Shakespeare (1564-1616), Julius Caesar Act 3, Scene 2

UNDER THE DOME

*****Videogate*****

Unless you follow the insider baseball aspect of life under the dome, you may have missed the brouhaha over the Governor's use of video news releases. The Governor's office released a video that was crafted like a news story explaining his administration's reasons for wanting to change the rules about workers' meal breaks, and he says he has more planned. The media seized on this as "propaganda" and now Democrat legislators are swooping in to condemn taxpayer-funded puffery. A representative of the Legislative Counsel's office said the office cannot find "specific statutory authority" for the Governor to send out such videos. I am not surprised that the Counsel's office cannot find a specific law allowing the Governor to send a video. I would be shocked if there were a law allowing either that or even a more traditional paper news release. I would be even more surprised to find a specific law that authorizes legislators to produce television news releases, public service announcements or full television programs. Both parties in the legislature use tax dollars to fund television production studios and staff who write, film and distribute these communications.

Elected officials have the right-- by common sense and the First Amendment-- to send communications to the news media. That communication is not obligated to be balanced or give all sides of an issue. The obligation of the media that receive communications is to evaluate them, investigate the issue and give voice to the differing views. If the Democrats want to be upset and criticize, they should start by looking in the mirror. Unfortunately, they are too upset at being outflanked by a media-savvy Governor who is beating them at their own game.

*****Streamlined Sales Tax Project Needs Attention*****

Some states have created a coalition called the Streamlined Sales Tax Project. Their idea is to standardize the sales tax system nationally so there is a legal way for states to collect sales tax from remote retailers, which is now illegal under a Supreme Court decision. By 2002, 30 states had ratified the Agreement. California has not, but our state is a voting participant of the coalition. As such, the next step is to decide whether to conform our sales and use tax system to the Agreement.

For California to conform, we would need to completely overhaul our sales tax system, by changing the way cities receive their share of sales tax and by eliminating locally-enacted sales tax measures that support transportation and other projects. Plus, even though we are the seventh biggest economy in the world, California would have only one vote on the permanent governing board. This governing board will tell our Legislature what laws they must change or else California would be denied membership in the system.

According to the California Research Bureau, there is no sign that the Agreement would result in California collecting more tax revenue. Plus, it is not clear how big a problem they are trying to resolve. As a proportion of total tax revenues, the sales tax is of declining importance as our economy shifts from producing tangible goods to providing more services. Even without this sales tax collection system in place, there are already fewer retailers who operate solely via the Internet or by catalog sales. According to Forrester Research, these multi-option retailers constituted 75 percent of total on-line sales in 2003, up from 67 percent in 2001. Thus, that problem appears to be self-correcting. Most importantly, do we really want to give up our state sovereignty?

ISSUE FOCUS

*****Whither Cigarettes?*****

A recent BoE document I read offers statistics on cigarettes. On the legal side of things, cigarette use is diminishing in California: 555,598,407 fewer packs of cigarettes were distributed in California from 1998 to 2003. Extrapolating from that huge number there will be zero cigarettes distributed legally in California by 2015. Given the absurdity of that projection, policymakers ought to think about the real impact of increased taxes. We have driven cigarette sales underground, costing tax revenue and putting legitimate retailers up against illegal competition.

*****“Baby, You Can Drive My Car”*****

According to information published in Chuck Muth’s electronic newsletter, Utah decided to divide the question on the controversy of who can get a driver’s license. It passed legislation that, in essence, creates two different licenses. One license is for citizens and can be used both for driving privileges and for official identification. The other license is for non-citizens who are here illegally. This allows the illegal alien the ability to drive on Utah’s roads, but denies him the ability to use the license to board planes, open bank accounts or obtain a driver’s license in another state. The driver’s license should be limited to the privilege to drive. For those who cannot easily prove their citizenship, it is too much to ask state Motor Vehicle Departments to verify the identity of everyone attempting to board a commercial aircraft.

MISCELLANY

A Good Read

Several weeks ago I featured the first of two Harry Jaffa books on the Human Events list of top American biographies. In “Crisis of a House Divided,” Jaffa discussed the Lincoln-Douglas debates and explained how Lincoln connected with the values of the Declaration of Independence. In today’s last entry on the Human Events list, Jaffa is featured again with his 2000 book, “A New Birth of Freedom: Abraham Lincoln and the Coming of the Civil War.” The book is an impressive expansion of Jaffa’s Lincoln scholarship. He expounds on the idea that Lincoln was fulfilling Jefferson’s propositions about natural rights and the equality of man and explores the errors of the secessionists.

BOE AND LEGISLATIVE DATES

February 1 – March 31, 2005 --- Application period for tax amnesty.

March 17, 2005 --- Legislature’s spring recess begins.

March 22, 2005 --- BoE meets in Sacramento.

March 28, 2005 --- Cesar Chavez’s birthday observed.

March 29, 2005 --- Legislature reconvenes from spring recess.

April 12, 2005 --- BoE meets in Sacramento.

April 29, 2005 --- Last day for policy committees to hear and report fiscal bills.

May 20, 2005 --- Last day for policy committees to meet prior to June 6.

NOTABLE DATES/ HISTORY

March 14, 1743 --- The first American town meeting was held (Boston's Faneuil Hall).

March 14, 1794 --- Eli Whitney patented the cotton gin.

March 14, 1900 --- U.S. currency went on the gold standard officially. (It had been on a de facto gold standard since 1873 and that was the major political issue in the post-Civil War period.)

March 15, 44 BC --- Julius Cæsar was assassinated in the Roman Senate in the Portico of the Theater of Pompey.

March 15, 1985 --- Symbolics.com became the first registered Internet domain.

March 16, 1991 --- Four Los Angeles police were charged with beating Rodney King.

March 16, 1827 --- The first U.S. black newspaper, "Freedom's Journal," (New York NY), began publishing.

March 17, 0432 --- St. Patrick who had been kidnapped from Britain and enslaved by Irish marauders returned to Ireland as a Bishop dedicated to convert the Irish to Christianity.

March 17, 1753 --- The first official St. Patrick's Day was celebrated.

March 17, 1766 --- Britain repealed the Stamp Act reducing but not ending the agitation for independence in the British colonies in America.

March 17, 1854 --- The first park land was purchased by a U.S. city, Worcester, MA.

March 17, 1950 --- Element 98 (Californium) was announced.

March 18, 1949 --- NATO was established.

March 19, 1918 --- Congress authorized time zones and approved daylight saving time.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

Bill Leonard, Member
State Board of Equalization, Second District
Email: bill.leonard@boe.ca.gov

Northern California Office:

400 Capitol Mall, Suite 2340
Sacramento, CA 95814
Telephone: (916) 445-2181
Fax: (916) 327-4003

Southern California Office:
4295 E. Jurupa Ave., Ste. 204
Ontario, CA 91761-1428
Telephone: (909) 937-6106
Fax: (909) 937-7044